



Snapshot

OFFICE MARKET | H1 2022

GENEVA | SWITZERLAND



Overview

- Office stock remained steady over H1 2022 and stands at 4'751'000 sqm. Many large projects are ongoing and under construction. Therefore, the stock is expected to increase along 2023 and 2024 with the delivery of Esplanades 3 & 4 in Pont Rouge, Green Village, and the Etang, among others.
- Vacancy has been globally increasing for years in Geneva with an estimated availability rate close to 6.0% in 2020 and 6.4% in 2021, sustained by the pandemic and the high construction rate. In H1 2022, the availability rate has certainly stabilized and stands between 6.0% and 6.5%.
- Office investment market in H1 2022 has been very active and demonstrated a total investment volume close to CHF 873 million, driven by some large transactions, such as Rue de Contamines 18. H2 2022 is expected to follow the same track with some large ongoing transactions and planned sales.

Key indicators

873 M

Transaction volume (CHF)

4.8 M

Stock (sqm)

6.4 %

Availability rate

2.6 %

Prime gross yield (E)

Letting

Total stock	~ 4'751'000 sqm
Stock growth (Last 10 years)	+ 9.0 %
Availability rate (2021)	~ 6.4 %
Prime rent	950.- CHF/sqm/year
Pipeline	~ 550'000 sqm by 2026

Investment

Transaction volume (2020)	CHF 1'233'010'000
Transaction volume (2021)	CHF 1'507'490'000
Transaction volume (H1 2022)	CHF 872'676'000
Prime gross yield (Estimated)	2.6 %



Letting

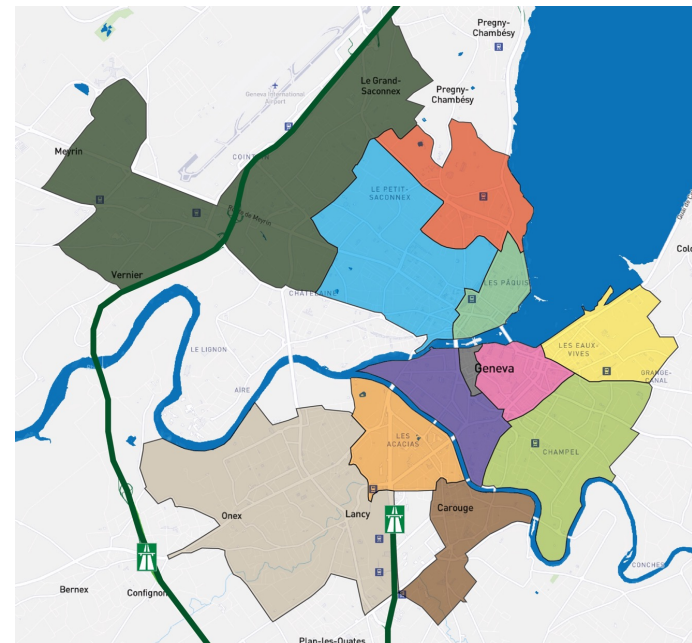
- We observed an upward trend of rents for office spaces located in prime sites. This tendency is supported by the following main elements:
 - A scarcity of supply in CBD due to significant refurbishments
 - A temporary scarcity of large surfaces (above 600 sqm in one level),
 - A steady demand supported by companies benefiting from favourable market conditions.
 However, we expect a stabilization of rents given the current economic and geopolitical conditions.
- In reverse, changing demand patterns may impact rents level of areas not connected to CEVA. As an exemple, Airport-Vernier and Lancy-Onex subsectors already faced with relocations, low demand, and high supply.

Market trends

- | | | |
|------------|---|--|
| Supply | → | Supply should increase in the periphery due to the departure of large tenants (Lancy-Onex) and the delivery of new projects (PAV, Airport-Vernier, and UN). |
| Demand | → | Demand remains stable despite a certain dynamism in CBD subsectors and an uneventful activity in the outskirts of the left bank of Geneva. |
| Rent level | → | The overall level of rents is expected to stay constant. There is an upward cycle in the CBD and PAV subsectors and an alarming downward trend in Airport-Vernier-Meyrin and Lancy-Onex areas. |

Subsectors indicators

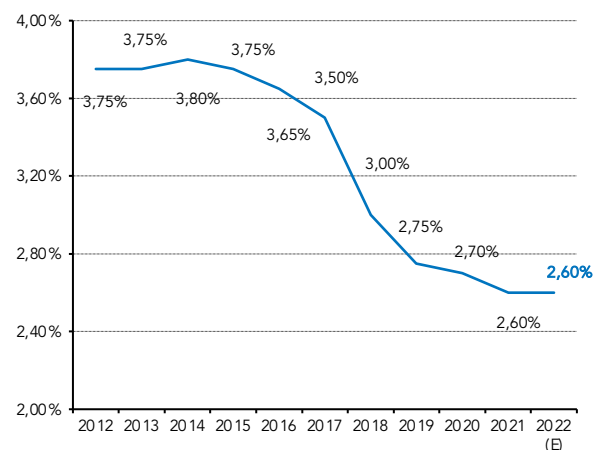
	Market Rent (CHF/sqm)	Availability Rate
● CBD left bank	From 575 to 950	~ 2.50%
● Banking district	From 500 to 700	~ 3.00%
● CBD right bank	From 550 to 750	~ 3.00%
● Eaux-vives	From 450 to 650	~ 2.50%
● Champel	From 450 to 550	~ 3.50%
● United Nations	From 350 to 550	~ 5.00%
● Servette – Petit-Saconnex	From 300 to 450	~ 4.00%
● Plainpalais	From 350 to 550	~ 4.00%
● Carouge	From 250 to 500	~ 2.50%
● PAV (Praille-Acacias-Vernets)	From 275 to 525	~ 2.50%
● Lancy - Onex	From 250 to 380	~ 10.00%
● Airport - Vernier - Meyrin	From 250 to 450	~ 15.00%



Investment

- The prime gross yield is expected to reverse in 2022. It has certainly hit rock bottom in 2021 and will begin to go its way up throughout H2 2022. Following the SNB's announcement and forecasts, we might wonder whether investors have planned to adjust their market risk premium.
- In terms of transaction volume, the movement is in line with that of 2021 considering the CHF 197 million acquisition from Swiss Prime Anlagestiftung and Asga Pensionskassen for a building located in Champel-Florissant area. For H1 2022, the total transaction volume stands close to CHF 870 million.
- ESG criteria will have an increasing impact on investor appetite and returns. In H1 2022, we sighted that the central issue for most investors is their ability to identify properties meeting their defined ESG criteria.

Prime gross yield



10 largest transactions (last 12 months)

Address	Area	Surface (sqm)	Sales price (CHF)	CHF/sqm
1 Place de Hollande 2	Banking district	~ 11'400	270'255'555	~ 23'700
2 Rue de Contamines 18 / route de Florissant 11-13	Champel	~ 14'800	197'000'000	~ 13'300
3 Rue du Rhône 90 / rue du Port 4	Banking district	~ 6'175	137'659'880	~ 22'300
4 Avenue Louis Casai 71	Airport	~ 21'800	121'800'000	~ 5'600
5 Boulevard de la Tour 8-10	Champel	n/d	102'000'000	n/d
6 Rue de Jargonnant 2-4	Eaux-Vives	~ 8'240	95'945'000	~ 11'650
7 Blvd des Philosophes 20 / rue de l'Ecole de Chimie 4	Plainpalais	~ 3'330	68'195'500	~ 20'500
8 Rue Jean Petitot 4-6	Banking district	~ 2'100	64'000'000	~ 30'500
9 Chemin des Mines 15-15BIS	United Nations	~ 8'550	63'000'000	~ 7'350
10 Rue du Grand Pré 54-58	Servette	~ 6'400	60'500'000	~ 9'450



Contact us

SPGI Geneva SA

Rue Ferdinand-Hodler 23

1207 Geneva

Tel +41 (0)22 707 46 00

geneva@spgi.ch | geneva.spgi.ch

Disclaimer:

The statements and interpretations expressed in this publication were produced by SPGI Geneva SA. No information disclosed in this report constitutes professional advice. Every individual or institution must independently verify the accuracy of the data if he or it intends to make personal or professional use of it. SPGI Geneva SA and its employees shall not be held collectively or individually responsible for any damages resulting from the use of or reliance on this report. No part of this report may be reproduced or transmitted in any form or by any means without the prior consent of SPGI Geneva SA. SPGI Geneva SA reserves the right to take criminal or civil action for any unauthorised use, distribution, or infringement of this intellectual property.